Volume 12 No. 3, November 15, 2005

CHAIRMAN'S MESSAGE – Leonard Blocka

The fall round of producer meetings have concluded, and I want to thank those who attended for their constructive questions and suggestions respecting Milk Board policies and the quality penalty regulations. We also hope the presentations made by the Board and Dairy Farmers of Saskatchewan provided you with a broader perspective on the national and international issues that will have an impact on the industry in the foreseeable future.

Unfortunately, I was not able to attend all the producer meetings due to family health issues. However, the Milk Board ensured it was well represented by Board members at each meeting.

Although we had excellent attendance and participation at the producer meetings, not all producers received the key information and message of the Board regarding quota management during this first six month period, ending January 31, 2006. Since the national system must be managed more tightly, the position of the province as a whole can have direct implications for producers. In this regard the main points to keep in mind are the following:

- **Producers will not be required to fill 97% of their first six month quota allocation by January 31, 2006;**

- **HOWEVER, if Saskatchewan as a province ships below 97% for the period ending January 31, 2006, the difference between 97% and the actual amount shipped will be suspended and reallocated to other provinces that are capable of producing this shortfall;**

- **Individual producers who did not swap, and shipped below 97% will absorb the provincial suspended quota on the basis of the difference between their actual production and 100%.**

If production levels experienced in the first three months persist through the last three months of this period, the province is at risk of having quota suspended and reallocated to other provinces for the balance of the dairy year. **The province to date has shipped 95.95% of its first three month allocation. Therefore, all producers are urged to do what they can to enhance production levels over the next three months so that the province can avoid having quota suspended.**

Producers should strive to fill 100% of their quota allocation on a continuous basis. If that is not possible, swapping on the Exchange or privately are management tools available to you.

In closing, producers are to be congratulated for their commitment to ensuring the province almost filled its annual quota allocation last dairy year. We look forward to you maintaining that same level of commitment as we meet the production challenges of this dairy year.

QUOTA EXCHANGE

The third butterfat Quota Exchange of the 2005-2006 dairy year was conducted on November 15, 2005. The market-clearing price for Unused Quota Exchange was **$60.51**. There was no market-clearing price established for Used quota. The results of the November 2005 Quota Exchange are outlined in the following Tables.

The next monthly Quota Exchange for the 2005-2006 dairy year will be held on December 15, 2005. All offers to sell and bids to purchase quota through the Quota Exchange must be received at the Board office by midnight, December 6, 2005. The Board recommends that offers and bids be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.

Just a reminder to producers that when making bids on the Quota Exchange, the price on offers to sell quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Exchange.

Conversely, the price on offers to purchase quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Exchange.

The clearing price is established at the price where the smallest difference exists between the accumulated volume offered for sale and the accumulated volume bid to purchase. To determine the clearing price of Total Production Quota, the bids to buy may be adjusted to five percent of annual production quota issued. This is necessary to avoid price distortion from excessively large bids.

TABLE I

UNUSED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	$ 60.51
Kilograms offered to Purchase – total	10,240
Kilograms offered to purchase at 5% adjustment	——
Kilograms offered to Sell	15,276
Kilograms sold	4,719
Number of Producers	
- offered to purchase	9
- purchased quota	4
- offered to sell	6
- sold quota	2

UNUSED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
53.47	1	1	4,713	4,713	-5,527	10,240	0	9	0
53.50	0	1	0	4,713	-5,527	10,240	410	9	1
55.00	1	2	6	4,719	-5,111	9,830	1,250	8	1
55.50	0	2	0	4,719	-3,861	8,580	1,285	7	1
59.80	0	2	0	4,719	-2,576	7,295	100	6	1
60.00	0	2	0	4,719	-2,476	7,195	2,000	5	1
60.51	**0**	**2**	**0**	**4,719**	**-476**	**5,195**	**1,330**	**4**	**1**
61.00	0	2	0	4,719	854	3,865	1,205	3	1
61.01	0	2	0	4,719	2,059	2,660	1,330	2	1
62.00	1	3	37	4,756	3,426	1,330	0	1	0
62.01	0	3	0	4,756	3,426	1,330	1,330	1	1
65.00	1	4	500	5,256	5,256	0	0	0	0
68.00	1	5	20	5,276	5,276	0	0	0	0
70.00	1	6	10,000	15,276	15,276	0	0	0	0

TABLE II

USED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat $ ------
Kilograms offered to Purchase – total ------
Kilograms offered to Sell ------
Kilograms sold
Number of Producers
- offered to purchase
- purchased quota
- offered to sell
- sold quota

USED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
------	0		0				0		0

QUOTA SWAP EXCHANGE

The Quota Swap Exchange was conducted on November 15, 2005. There was no market-clearing price established. The results of the Quota Swap Exchange are outlined in the following Table.

The next monthly Quota Swap Exchange will be held on December 15, 2005. All offers to swap quota through the Quota Exchange must be received at the Board office by midnight, December 6, 2005. The Board recommends that offers and bids to swap be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.

Just a reminder to producers that when making bids on the Quota Swap Exchange, the price on offers to swap out unused quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Quota Swap Exchange.

Conversely, the price on offers to swap in unused quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Quota Swap Exchange.

The clearing price is established at the price where the smallest difference exists between the accumulated volume offered to swap out and the accumulated volume offered to swap-in.

TABLE III

QUOTA SWAP EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	**$ —**
Kilograms offered to swap in	**1,900**
Kilograms offered to swap out	**16,300**
Kilograms swapped	**—**
Number of Producers	
- offered to swap in	**3**
- swapped in quota	**0**
- offered to swap out	**6**
- swapped out quota	**0**

QUOTA SWAP EXCHANGE

Price ($/kg b.f.)	No. of Sellers (swap out)	Cumulative Sellers (swap out)	Kgs b.f. offered to swap out	Cumulative swaps out	Cumulative swaps out less Cumulative swaps in	Cumulative purchases (swap in)	Kgs b.f. offered to swap in	Cumulative Buyers (swap in)	No. of buyers (swap in)
3.50	0	0	0	0	-1,900	1,900	400	3	1
4.50	0	0	0	0	-1,500	1,500	1,000	2	1
5.00	2	2	7,300	7,300	6,800	500	500	1	1
5.50	1	3	2,000	9,300	9,300	0	0	0	0
5.75	1	4	4,000	13,300	13,300	0	0	0	0
6.00	2	6	3,000	16,300	16,300	0	0	0	0

BUTTERFAT PRODUCTION AND COMPONENT PRICING, OCTOBER 2005

Butterfat production for October 2005 totalled approximately 681,435 kilograms. This was approximately .73% lower than October 2004 shipments. **For the first three months of the 2005-2006 dairy year, Saskatchewan's allocation of Total Production Quota totalled approximately 2,083,680 kilograms. Cumulatively, in the first three months, the province has shipped 95.95% of that amount.**

Please note Milk Control Board policy has been changed so that it is not mandatory for producers to achieve 97% in the first six months. However, there is a risk to producers who do not achieve 97% after six months, that being, individual producer quota suspension for the entire dairy year if the province as a whole does not achieve 97% in the first six months. If the province is over 97% at the end of the first six months, producers will not have their quota suspended even if they have not reached 97% of personal quota allocation.

The weighted average component tests and prices for the province in October are indicated in Table IV.

TABLE IV

Components	Average Test	Price per kilogram Class 1 to 5
Butterfat	3.9031	$9.9197
Protein	3.4503	$6.9196
Other Solids (S.N.F.)	5.6424	$1.0578

Based on the average component tests for the province, the average price received was $68.5610 per hectolitre.

Dairy year to date 4m (overquota) holdings are $1,315,664.65.

SASKATCHEWAN MILK POOL RESULTS October 2005

TABLE V

Milk Sale Revenue	$ 12,661,830.11
Western Milk Pool	$ -598,423.91
Dairy Farmers of Canada Skim Off	$ -21,232.38
Plant of Last Resort Service	$ -55,315.55
Total Pool Value	**$ 11,986,858.27**

QUOTA MANAGEMENT TABLES

Please find enclosed your quota management results for October, 2005. These Tables indicate the percentage of each producer's quota allocation utilized as well as the kilograms of butterfat produced by these shipments.

The Board will continue to provide these Tables on a monthly basis. We hope this information will assist producers with their management decisions regarding the utilization of their butterfat quota.

If you have any questions concerning the information provided, please contact our office.

ACCOUNTING VALUES FOR CLASSES OF MILK – November 2005

TABLE VI

	Butterfat ($/kg)	**Protein ($kg)**	**Other Solids ($/kg)**
Class 1a	$5.3000	$5.4908	$5.4908
Class 1b	$5.3000	$6.6286	$6.6286
Class 1c	$5.3000	$44.50 (per hl. skim milk)	
	Butterfat ($/kg)	**Protein ($/kg)**	**Other Solids ($/kg)**
Class 2	$7.2333	$5.1141	$5.1141
Class 3a	$7.2333	$11.9171	$0.7978
Class 3b	$7.2333	$11.6866	$0.7832
Class 4a, 4b, 4d & 4d(i)	$7.2333	$4.7347	$4.7347
Class 4a(i)	$7.2333	$1.4000	$1.4000
Class 4c	$7.2333	$4.0498	$4.0498
Class 4m	$0.00	$0.00	$0.00
Class 5a	$4.8994	$5.6450	$0.3779
Class 5b	$4.8994	$2.1345	$2.1345
Class 5c	$3.3740	$2.0000	$2.0000
Class 5d	**As determined by**	**the CDC**	

QUOTA LISTING SERVICE

The Board offers a free quota listing service as part of its Newsletter. Anyone wishing to sell or purchase quota and/or cows or swap quota is welcome to contact the Board office at (306) 787-5319. All prices and negotiations will be independent of the Milk Control Board.

Swap Used for Unused

- Ken or Ed Klassen would like to swap approximately 3,500 kilograms of used for unused quota. Contact Ken at (306) 229-4591 or Ed at (306)227-9432.
- Tim @ Sovereign Colony (306) 882-2447 would like to swap 3000 kgs used for unused quota.
- Danny Hofer @ Box Elder Colony (403) 502-9997 would like to swap used for unused.

Quota for Sale

- Cows and quota for sale. Contact Wes @ Rosthern Agencies (306) 232-5525 cell (306) 232-7725
- Holstein cows and quota. Call Perry or Preston Haanen @ (306) 329-4604 or 329-4981
- Quota and cows for sale (approx. 14,000 kgs). Call Jerome Fisher @ (306) 365-4674
- Cows and quota for sale. Call John or Vicki Thiessen @ (306) 946-2339
- Quota for Sale. Call Glen or Joy Hamm @ (306) 594-2855

For Sale

- Grade open and short bred heifers for sale
  - contact John or Vicki Thiessen @ (306) 946-2339
- Fresh and springing cows and heifers
  - contact Mark Johnson (306) 725-4042
- Dairy Hay and 6 Holstein heifers to calve in October or November
  - contact Martin Sondergaard (306) 547-2205
- 17 two year old A.I. sired Holstein Heifers to start calving October 1
  - contact Del Mealing (306) 693-2543 cell (306) 681-8207
- 1995 Muller Bulk Tank 2000 gallon
  - contact Kevin Lischka at (306) 487-2663 or (306) 487-3227
- 20 head of young Holstein cows and bred heifers and 4 breeding age bulls
  - contact Les Fornwald at (306) 487-2784
- A Westfalian Systemat Tank 1000 gallon
  - contact Earl or Scott at Eaglewood Holsteins at (306) 329-4394
- Bred heifers for sale
  - contact Glenn Hamm (306) 594-2855

MILK CONTROL BOARD MEMBERS

Leonard Blocka, Chairman	Dairy producer
Dr. David Christensen	Dairy researcher/professor U of S
Joseph Guenther	Dairy producer
David Finlay	Dairy producer
Garf Stevenson	Consumer representative
Joanne Mortenson	Processor representative

For further information, please contact the Saskatchewan Milk Control Board office.

1210-2500 Victoria Avenue Telephone (306) 787-5319
Regina, Saskatchewan S4P 3X2 Fax: (306) 787-1988

Website: www.saskmilkcontrolboard.ca email: milk.control.board@sasktel.net